

**FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**  
**(With Comparative Totals for December 31, 2007)**

**FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.**  
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**December 31, 2008**

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## ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of  
Friends of the University of Auckland, Inc.

We have reviewed the accompanying statement of financial position of Friends of the University of Auckland, Inc. (the "Organization") as of December 31, 2008 and the related statement of activities, functional expenses and cash flows for the year then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Organization

A review consists principally of inquires of the Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The financial statements for the year ended December 31, 2007, were audited by us and we expressed an unqualified opinion on them in our report dated May 22, 2008, but we have not performed any auditing procedures since that date.

A handwritten signature in black ink that reads 'ERE LLP'. The signature is written in a cursive, stylized font.

New York, NY  
August 24, 2009

FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2008 (With Comparative Totals for 2007)	2008	2007
Assets:		
Cash and cash equivalents	\$ 202,213	\$ 135,650
Grants receivable	20,010	92,000
Investments	-	45,348
<b>Total Assets</b>	<b>\$ 222,223</b>	<b>\$ 272,998</b>
Net Assets:		
Unrestricted	\$ 33,951	\$ 30,058
Temporarily restricted	188,272	242,940
<b>Total Net Assets</b>	<b>222,223</b>	<b>272,998</b>
<b>Total Net Assets</b>	<b>\$ 222,223</b>	<b>\$ 272,998</b>

See accompanying notes and accountants' report.

# FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

## STATEMENT OF ACTIVITIES

Year Ended December 31, 2008 (With Comparative Totals for 2007)	Temporarily		2008	2007
	Unrestricted	Restricted		
<b>Support and Revenues:</b>				
Contributions	\$ 4,800	\$ 162,122	\$ 166,922	\$ 223,269
Foundation grants	-	-	-	136,092
In-kind contribution	169,408	-	169,408	143,610
Interest income	2,403	-	2,403	3,879
Unrealized loss on investment	(3,167)	-	(3,167)	-
Net asset released from restrictions	216,790	(216,790)	-	-
<b>Total Support and Revenues</b>	<b>390,234</b>	<b>(54,668)</b>	<b>335,566</b>	<b>506,850</b>
<b>Expenses:</b>				
Program	216,790	-	216,790	280,555
Management and general	20,472	-	20,472	17,088
Fundraising	149,079	-	149,079	126,049
Costs of direct benefits to donors	-	-	-	963
<b>Total Expenses</b>	<b>386,341</b>	<b>-</b>	<b>386,341</b>	<b>424,655</b>
<b>Change in net assets</b>	<b>3,893</b>	<b>(54,668)</b>	<b>(50,775)</b>	<b>82,195</b>
Net assets, beginning of year	30,058	242,940	272,998	190,803
<b>Net assets, end of year</b>	<b>\$ 33,951</b>	<b>\$ 188,272</b>	<b>\$ 222,223</b>	<b>\$ 272,998</b>

See accompanying notes and accountants' report.

**FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended December 31, 2008 (With Comparative Totals for 2007)**

	Program Services	Management and General	Fundraising	2008	2007
Grants to University of Auckland Foundation	\$ 216,790	\$ -	\$ -	\$ 216,790	\$ 280,555
Professional fees in-kind	-	20,329	149,079	169,408	142,647
Rent and parking	-	-	-	-	400
Costs of direct benefits to donors	-	-	-	-	963
Bank fees	-	143	-	143	90
<b>Total</b>	<b>\$ 216,790</b>	<b>\$ 20,472</b>	<b>\$ 149,079</b>	<b>\$ 386,341</b>	<b>\$ 424,655</b>

See accompanying notes and accountants' report.

# FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

## STATEMENT OF CASH FLOWS

**Year Ended December 31, 2008**

**(With Comparative Totals for 2007)**

	2008	2007
<b>Cash Flows From Operating Activities:</b>		
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Unrealized loss on investments	\$ (50,775)	\$ 82,195
Change in operating assets and liabilities:		
Decrease (increase) in grants receivable	3,167	-
	71,990	(92,000)
<b>Net cash provided by (used in) operating activities</b>	<b>24,382</b>	<b>(9,805)</b>
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sales of investments	40,757	-
Purchase of investment	-	(45,348)
Interest income reinvested	1,424	-
<b>Net cash provided by (used in) investing activities</b>	<b>42,181</b>	<b>(45,348)</b>
Net increase (decrease) in cash and cash equivalents	66,563	(55,153)
Cash and cash equivalents - beginning of year	135,650	190,803
<b>Cash and cash equivalents - end of year</b>	<b>\$ 202,213</b>	<b>\$ 135,650</b>

See accompanying notes and accountants' report.

# FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2008

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**1. NATURE OF ORGANIZATION:**

Friends of the University of Auckland, Inc. (the "Organization") conducts activities that support or benefit the University of Auckland Foundation in New Zealand. Friends of the University of Auckland, Inc. is an exempt organization for federal income tax purposes under Section 501(c) (3) of the Internal Revenue Code and is not classified as a private foundation. Friends of the University of Auckland, Inc. is supported primarily by contributions.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

The classification of the Organization's net assets and its support, revenues and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets - permanently restricted, temporarily restricted, and unrestricted - be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These three classes are defined as follows:

Permanently Restricted - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Friends of the University of Auckland, Inc.

Temporarily Restricted - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Unrestricted - The portion of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Cash and Cash Equivalents

Cash and cash equivalents consist of deposits in banks and highly liquid investments with maturity dates of three months or less.

# FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

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### Grants Receivable

Grants receivable that are expected to be collected within one year are recorded at net realizable value. Amounts that are expected to be collected in future years are recorded at the present value of their estimated cash flows. Unless material, the discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

### Donated Services

Donated services are recorded at their estimated fair value at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Friends of the University of Auckland, Inc. During the years ending December 31, 2008 the Organization received donated professional services totaling \$169,408 from the University of Auckland.

### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Comparative Financial Information

The December 31, 2008 financial statements include certain prior year summarized comparative information in total but not by net asset class. In addition, only certain of the notes to the financial statements for December 31, 2007 are presented. As a result, the December 31, 2007 comparative information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such December 31, 2007 information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2007, from which the summarized information was derived.

### Implementation of New Accounting Pronouncements

Management has elected to defer the application of FAS FIN 48, *Accounting for Uncertain Tax Positions in accordance with FSP FIN 48-3*. FSP FIN 48-3 defers the effective date for FIN 48 for certain private companies until fiscal years beginning after December 15, 2008. The Company will continue to follow FAS 5, *Accounting for Contingencies*, until it adopts FIN 48.

# FRIENDS OF THE UNIVERSITY OF AUCKLAND, INC.

## NOTES TO FINANCIAL STATEMENTS December 31, 2008

**3. GRANTS RECEIVABLE:**

Grants receivable consist of the following as of December 31, 2008:

Amounts due in:	
Less than one year	\$ 20,010
	\$ 20,010

**4. TEMPORARILY RESTRICTED NET ASSETS:**

Temporarily restricted net assets are purpose restricted and consist of the following:

	2008	2007
Scholarship	\$ 32,020	\$ 62,200
Fellowship	76,572	45,348
Building	50,000	100,000
Chair	-	32,392
Program	29,680	3,000
	\$ 188,272	\$ 242,940

Net assets were released from restrictions during the year ended December 31, 2008 by incurring program expenses or the passage of time, thus satisfying the restricted purposes as follows:

Scholarship	\$ 65,250
Fellowship	46,013
Building	50,000
Chair	32,392
Program	23,135
	\$ 216,790

**5. CONCENTRATIONS:**

- A. Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 through 2009.
- B. In 2008, the Organization received approximately 74% of their total revenue from four major donors.